

Remarks

Claims 1-11, 13, 14, 21-31, 33 and 34 are pending in this application. Claims 1-11, 13-14, 21-31 and 33-34 are rejected.

Claim Rejections - 35 U.S.C. § 112

Claims 1-11 and 13-14 and 21-31 and 33-34 rejected under 35 U.S.C. § 112, second paragraph, as being indefinite for failing to particularly point out and distinctly claim the subject matter which Applicants regard as the invention.

The term “valuation date” is a term of art in the insurance industry. Moreover, the term is explained in the Specification:

Valuation date - A valuation date is the date as of which the value of assets or liabilities (in the present case, IBNP claim amounts) is determined, also known as the evaluation date

Specification, p. 17, ll. 1-3

The Examiner’s statement that “It is also unclear on part d as to how the IBNP is estimated” is not correct. With respect to claim 1, steps b) and c), set up a regression analysis for determining the IBNP. Step d) is perfectly clear how it is determined:

the estimated IBNP claim amounts being a projected paid claim amount calculated from the functional relationship with the optimized parameters of step c), for each paid period after the valuation date, from the cumulative paid lag claim amounts for each incurred period as of the valuation date.

This limitation means that after the optimized parameters are calculated, the function sets the parameters to these values and then plugs in the independent variable (cumulative paid lag claim

amounts in this case). This is just simple analysis which is understood by any college math student. The analysis of independent claim 21 is the same.

Accordingly, for at least there reasons claims 1-11 and 13-14 and 21-31 and 33-34 are allowable under 35 U.S.C. § 112, second paragraph.

Claim Rejections - 35 U.S.C. § 103

Claims 1-2 and 21-22 are rejected under 35 U.S.C. § 103(a) as being unpatentable over Hammond et al. (U.S. 5,613,072).

Applicant respectfully traverses the present rejection for the following reasons. Hammond et al. does not estimate incurred but not yet paid (IBNP) claim amounts which is the point of the present invention. Instead, Hammond et al. provides a system for funding future workers compensation losses. Hammond et al. states:

FIG. 3 is a flow chart illustrating the step 104 of FIG. 2 in more detail. With respect to any given insurance carrier, **the system for funding future workers' compensation losses** first includes a process of obtaining and analyzing historical claim data from that carrier.

Hammond et al., col. 4, ll. 32-36 (emphasis added)

Hammond et al. discloses a system for funding “future workers’ compensation losses.” The present invention is estimated already incurred claim amount. Clearly, Hammond et al. and the present invention are calculating completely different items - one is a future loss, the other an already incurred amount.

With respect to previous claims, the Hammond et al. disclosure is clearly different than the present invention in which incurred but not yet paid claim amounts are estimated. Hannond et al. states:

The three INJURY TYPE models are used both to predict the future costs incurred on new workers' compensation claims, as well as to update and/or revise predictions on previously analyzed claims.

Hammond et al., col. 14, ll. 18-21

Hammond et al. goes on to explain:

With respect to old claims (claims previously reviewed), if any of the Significant Characteristics are different from their previous values, then the claim is earmarked or flagged for a revised cost and duration prediction. For example, if the previous value of the variable LITIGATED (in practice, LITIGATED is always a significant characteristic) was 0 ("no"), and the current value of LITIGATED is 1 ("yes"), then the system will obtain a revised cost and duration prediction for that claim since that claim is now being litigated. Similarly, if BODY PART (injured body part) has changed from its previous value, then a new cost prediction and duration will be computed based upon this changed value, assuming BODY PART is a Significant Characteristic. Respecting newly entered claims, the Significant Characteristics are deemed to be "changed" (i.e., the previous values were all zero) and thus these are also flagged for a cost and duration prediction. If no Significant Characteristics have changed from the previous claim review of an old claim, then new cost and duration predictions are not obtained since the identical predicted cost and duration values would result.

Hammond et al., col. 15, ll. 19-23

Clearly, this type of analysis is performed on a claim by claim basis. Hammond's revision of prior claims is not a method for estimating incurred but not yet paid (IBNP) claim amounts. Clearly, these specific claims have been reviewed and compensation was either started or denied, but they logically cannot be incurred but not yet paid in the sense of the present invention.

The disclosure of Hammond et al. is directed to reserves set for individual claims on a case-by-case basis and is specific to workers compensation claims. The present invention

pertains to calculating reserves for a block of business in aggregate. The method of Hammond et al. is nothing more than a "case reserve" method which is recognized in actuarial literature as being totally distinct from aggregate methods. The approach is primarily used in workers compensation, disability and sometimes large property/casualty claims which are often calculated in this manner.

Accordingly, for at least these reasons, claims 1-2 and 21-22 are allowable under 35 U.S.C. § 103(a) as being unpatentable over Hammond et al.

Conclusion

Applicant has made a genuine effort to respond to each of the Examiner's objections and rejections in advancing the prosecution of this case. Applicant believes that all formal and substantive requirements for patentability have been met and that this case is in condition for allowance, which action is respectfully requested. If any additional issues need to be resolved, the Examiner is invited to contact the undersigned at his earliest convenience.

Please charge any fees or credit any overpayments as a result of the filing of this paper to our Deposit Account No. 02-3978.

Respectfully submitted,
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